

CERTIFIED TRUE COPY

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FILED

FEBRUARY 18, 1999

**NEW JERSEY STATE BOARD
OF ACCOUNTANCY**

By: Marianne W. Greenwald
Deputy Attorney General
973-648-4738

STATE OF NEW JERSEY
DEPARTMENT OF LAW & PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
BOARD OF ACCOUNTANCY

IN THE MATTER OF THE SUSPENSION	:	
OR REVOCATION OF THE LICENSE OF	:	Administrative Action
	:	
JOSEPH P. GALLUZZI, C.P.A.	:	
LICENSE NO. CC4107	:	
	:	FINAL ORDER OF
TO PRACTICE ACCOUNTANCY IN THE	:	DISCIPLINE
STATE OF NEW JERSEY	:	
	:	

This matter was opened to the New Jersey State Board of Accountancy upon receipt of information which the board has reviewed and on which the following findings of fact and conclusions of law are made:

FINDINGS OF FACT

1. Respondent is a certified public accountant in the State of New Jersey and has been a licensee at all times relevant hereto.
2. On September 18, 1998 respondent was convicted of the crimes of: Frauds and Swindles, Frauds by Wire, Racketeering, Bribery and Unlawful Acceptance of property of Another With Intent to Influence, in United States District Court in District of New Jersey. Specifically, respondent, in his capacity as an Essex County and Irvington Township public official received \$185,000 in

payment for steering county and municipal bond underwriting contracts to a New Jersey bank and to a New Jersey brokerage firm (copy of Judgment of Conviction and Superseding Indictment are annexed hereto and made a part hereof).

3. The following sentence was ordered: a term of 90 months incarceration, and thereafter, a term of 3 year supervised release and restitution of \$350,000 to the County of Essex.

CONCLUSIONS OF LAW

1. The above conviction provides grounds for the suspension of his license to practice accountancy in New Jersey pursuant to N.J.S.A. 45:1-21(f), in that the crimes of which respondent was convicted are ones of moral turpitude and/or relate adversely to the practice of accountancy.

ACCORDINGLY, IT IS ON THIS 18th DAY OF Feb. 1999,

ORDERED THAT:

Respondent's license to practice accounting in the State of New Jersey shall be and hereby is revoked.

STATE BOARD OF ACCOUNTANCY

By: Constance L. Ferrigno
Constance L. Ferrigno, President

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

ENTERED
on
9/21/98
WILLIAM T. WALSH, CLERK
By J. J. [Signature]
(Deputy Clerk)

UNITED STATES OF AMERICA

JUDGMENT IN A CRIMINAL CASE

VS.

(For Offenses Committed On or After November 1, 1987)

JOSEPH P. GALLUZZI

Case Number: 96-640

(Defendant's Name)

Dennis Durkin, Esq.
Attorney's Name

THE DEFENDANT:

plead guilty to count(s) _____
☒ was found guilty on count(s) 1-26 of superseding indictment on 4/24/98 after a
plea of not guilty.

Accordingly, the defendant is adjudged guilty of such count(s) which involve the following offenses:

TITLE SECTION	NATURE OF OFFENSE	DATE OF OFFENSE	COUNT
18:1341, 1343, 1346&2	Frauds and Swindles	8/92	1-11
18:1341&2	Frauds and swindles	3/87 - 8/87	12-15
18:1343, 1346&2	Frauds by wire	6/92	16
18:666&2	Unlawfully accept property of another intending to be infl.	8/92	17-21
18:1952&2	Racteering-bribery	1985-1993	22-26

The defendant is sentenced as provided in pages 2 through 5 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.,

The defendant has been found not guilty on counts _____
and is discharged as to such count(s).

Count(s) _____ (is)(are) dismissed on the motion of the United States

It is ordered that the defendant shall pay a special assessment of \$ 1300.00, for count(s) 1-26 which shall be due XX immediately _____ as follows:

IT IS FURTHER ORDERED that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid.

Defendant's Soc. Sec. No.: 153-22-1453

Defendant's Date of Birth: 06/08/32

Defendants Address:

Pitt Road
Springfield, Nj 07081

FILED

SEP 18 1998

AT 8:30
WILLIAM T. WALSH
CLERK

September 10, 1998

Date of Imposition of Sentence

Signature of Judicial Officer

Hon. William H. Walls

Name & Title of Judicial Officer

DEFENDANT: JOSEPH P. GALLUZZI
CASE NUMBER: 96-640

Judgment--Page 2 of 5

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of prisons to be imprisoned for a term of 90 months on each of counts 11 and 17 through 21, and terms of 60 months on each counts 16, and 22 through 26, all to be served concurrently, to produce a total term of 90 months.

Pursuant to prior law, it is adjudged that the defendant, is hereby committed to the custody of the Attorney General of the United States or her authorized representative, for imprisonment for a term of 80 months, on each of counts 1 through 15, to be served concurrently with each other and with sentence imposed above.

☐ The court makes the following recommendations to the Bureau of Prisons:

- ☐ The defendant is remanded to the custody of the United States Marshal.
☐ The defendant shall surrender to the United States Marshal for this district,
at _____ a.m. on _____
as notified by the United States Marshal.
☒ The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons,
before a.m/p.m. on Dec. 7, 1998
as notified by the United States Marshal.
as notified by the probation office.

RETURN

I have executed this judgment as follows:

_____ Defendant deliver
n _____ to _____, with a certified copy of this judgment.

United States Marshal

By _____
Deputy Marshal

DEFENDANT: JOSEPH P. GALLUZZI

Judgment - Page 3 of 5

ASE NUMBER: 96-640

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of 3 YEARS ON EACH OF COUNTS 1 -11, 12- 15 AND COUNTS 16 THROUGH 26. ALL TO RUN CONCURRENTLY.

While on supervised release, the defendant shall not commit another federal, state, or local crime and shall not illegally possess a controlled substance. The defendant shall comply with the standard conditions that have been adopted by this court set forth below). If this judgment imposes a restitution obligation, it shall be a conditions of supervised release that the defendant pay any such restitution that remains unpaid at the commencement of the term of supervised release. The defendant shall comply with the following additional conditions: the defendant is to submit to one drug test within 15 days of commencement of supervised release and at least two tests thereafter

X The defendant shall report in person to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

 The defendant shall pay any fines that remain unpaid at the commencement of the term of supervised release.

 The defendant shall not possess a firearm or destructive device.

1) Provide the Probation Office with full disclosure of financial records to include income tax returns upon request of Probation and cooperate with Probation in the investigation of financial dealings and provide truthful monthly statements of income.

The defendant is prohibited from incurring any new credit charges or opening additional lines of credit without the approval of the probation officer, unless the defendant is in compliance with a payment schedule for any fine or restitution obligation. The defendant shall not encumber or liquidate or otherwise has express approval of the court.

STANDARD CONDITIONS OF SUPERVISION

While the defendant is on supervised release pursuant to this judgment, the defendant shall not commit another federal, state or local crime. In addition:

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer with 72 hours of any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record of personal history of characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirements.

* U.S.O. 1990-722-448/10286

RESTITUTION AND FORFEITURE**RESTITUTION**

XX The defendant shall make restitution to the following persons in the following amounts:

NAME OF PAYEE**AMOUNT OF RESTITUTION**

County of Essex, Hall of records
Newark, NJ 07102
Att: Catherine Tamasik, Esq.

\$350,000.00

The restitution shall be due immediately. In the event the entire amount of restitution is not paid prior to the commencement of supervision, the U.S. Probation Officer shall pursue collection of the amount due and shall request the court to establish a payment schedule, if appropriate. The defendant shall notify the United States Attorney for this district within 30 days of any change of mailing or residence address that occurs while any portion of the restitution remains unpaid.

Payments of restitution are to be made to:

United States Attorney for transfer to the payee(s).
the payee(s).

Restitution shall be paid:

in full immediately.

in full not later than _____.

in equal monthly installments over a period of _____ months. The first payment is due on the date of this judgment. Subsequent payments are due monthly thereafter.

in installments according to the following schedule of payments:

FORFEITURE

The defendant is ordered forfeit the following property to the United States:

* U.S.O. 1990-722-448/10286

CASE NUMBER: 96-640

STATEMENT OF REASONS

☒ The court adopts the factual findings and guideline application in the presentence report.

OR

☐ The court adopts the factual findings and guideline application in the presentence report except (see attachment, if necessary):

Guideline Range Determined by the Court:Total Offense Level: 28Criminal History Category: IImprisonment Range: 78 to 97 monthsSupervised Release Range: 3 to 5 yearsFine Range: \$ 12,500 to \$ 1,000.00

☒ Fine is waived or is below the guideline range, because of the defendant's inability to pay.

Restitution: \$ 350,000.00

☒ Full restitution is not ordered for the following reason(s):

no ability to pay

☒ The sentence is within the guideline range, that range does not exceed 24 months, and the court finds no reason to depart from the sentence called for by application of the guidelines.

OR

☐ The sentence is within the guideline range, that range exceeds 24 months, and the sentence is imposed for the following reason(s):

the court imposed the minimum sentence permissible under the guidelines

OR

The sentence departs from the guideline range

☐ upon motion of the government, as a result of defendant's substantial assistance.

☐ for the following reason(s):

Certified as a true copy of
This Date 9/28/98
By [Signature] Clerk
Deputy

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. William H. Walls
v. : Criminal No. 96-640
JOSEPH P. GALLUZZI : Title 18, United States Code,
Sections 371, 666, 1341,
1343 and 1952

SUPERSEDING INDICTMENT

The Grand Jury in and for the District of New Jersey,
sitting at Newark, charges:

COUNTS 1-11

Scheme and Artifice to Defraud

Defendant and Entities

1. At times relevant to this Indictment:

a. Defendant JOSEPH P. GALLUZZI was the financial consultant to the Essex County Board of Chosen Freeholders between about 1982 and 1987. Between about 1987 and about July 1989, defendant was Treasurer of Essex County and Acting Director of Administration and Finance. In about August 1989, defendant became the financial consultant to Essex County at an annual fee of \$125,000 and retained that position until about December 1990. As Essex County Treasurer and Director of Administration and Finance, defendant JOSEPH P. GALLUZZI (i) controlled all financial matters and recommendations for Essex County and (ii) was the chief financial advisor and decision maker on all financial matters for Essex County. His duties remained the same when he became a financial consultant to Essex County in about August 1989.

b. Between about 1987 and about June 1992 defendant JOSEPH P. GALLUZZI also was the budget consultant to the Municipal Council of the Township of Irvington and financial consultant for Irvington's fiscal year adjustment financing. Defendant JOSEPH P. GALLUZZI's duties as budget consultant and financial consultant included analyzing, reviewing and performing advisory work with respect to bond issues and acting as the Municipal Council's representative on bond-related questions.

c. Defendant JOSEPH P. GALLUZZI also was a certified public accountant and registered municipal accountant and owned and operated an accounting practice, "Joseph P. Galluzzi, CPA," in Irvington and then South Orange, New Jersey.

d. Essex County was a county in the State of New Jersey comprised of 22 municipalities. Essex County's executive branch was headed by a county executive who, among other things, signed contracts, bonds and other instruments requiring the County's consent. The Essex County legislative branch was the Essex County Board of Chosen Freeholders which had the power to adopt ordinances and resolutions, including those concerning bond issues. Essex County was the recipient each year of over \$10,000 in federal funds. Essex County issued \$23.9 million in general obligation bonds in 1987; \$49 million in general obligation bonds in January 1989; \$104 million in general obligation refunding bonds in June 1989, and \$62.5 million in fiscal year adjustment bonds in 1991.

e. Irvington was a Township in Essex County governed by a mayor and Municipal Council. The Municipal Council had the power to adopt ordinances and resolutions, including those concerning bond issues. The Municipal Council also selected underwriters in connection with such bond issues. Irvington was the recipient each year of over \$10,000 in federal funds. Irvington issued approximately \$25 million in fiscal year adjustment bonds in about February 1992.

f. The Essex County Improvement Authority ("ECIA") was an independent county agency that periodically issued municipal bonds for the benefit of Essex County or Essex County municipalities. The ECIA issued \$65 million in lease revenue bonds for the benefit of Essex County in 1990 and issued about \$49 million in bonds for the benefit of the Irvington Board of Education in 1992.

g. First Fidelity Securities Group with offices in Newark, New Jersey, was a department of First Fidelity Bank N.A. ("First Fidelity") and was a municipal securities dealer registered with the Securities and Exchange Commission ("SEC"). First Fidelity acted as underwriter on municipal bond issues for Essex County, the ECIA, and Essex County municipalities. That is, as underwriter, First Fidelity agreed to purchase the bonds issued by the county or other public entity and then resell the bonds to investors. First Fidelity was a financial institution insured by the Federal Deposit Insurance Corporation.

h. A.G. Edwards & Sons, Inc. ("A.G. Edwards") with offices in Newark, New Jersey, was a broker dealer registered with the SEC. A.G. Edwards acted as underwriter on municipal bond issues for Essex County, the ECIA, and Essex County municipalities. Between about January 1991 and December 1993, A.G. Edwards had a contractual relationship with defendant JOSEPH P. GALLUZZI, whereby defendant JOSEPH P. GALLUZZI was paid for purportedly providing certain consulting and finders fee services to A.G. Edwards.

i. Ehrlich Bober & Co., Inc. ("Ehrlich Bober") with offices in New York, New York was a broker dealer registered with the S.E.C. Allegations set forth below relating to A.G. Edwards and an A.G. Edwards vice president include Ehrlich Bober because the A.G. Edwards vice president moved from Ehrlich Bober to A.G. Edwards in about March 1990.

j. Pacific Matrix Financial Group ("Pacific Matrix") with offices in Exton, Pennsylvania and Sherman Oaks, California, was an investment firm engaged in, among other things, the reinvestment of municipal bond proceeds. Pacific Matrix often acted as a "GIC" broker by arranging the reinvestment of such bond proceeds, in what was referred to as a guaranteed investment contract or "gic."

k. AIG Matched Funding ("AIG"), with offices in New York, New York, was a subsidiary of AIG Insurance Co. and was a firm in which municipal bond proceeds were reinvested. AIG, in

exchange, paid interest on the investment and was commonly referred to as a "provider."

1. The Camden County Municipal Utilities Authority ("CCMUA") was an independent public authority engaged in acquiring, constructing, maintaining and operating sewage facilities in Camden County, New Jersey.

m. Ferraioli, Wasdyk and Cuva, ("Ferraioli") a certified public accounting firm with offices in Pompton Lakes, New Jersey, was engaged in, among other things, the highly specialized field of verification regarding municipal bond offerings. Verification involved confirming important mathematical computations regarding municipal bond offerings, including the "yield" or interest paid on the bonds.

n. Essex County Attorney No. 1 was an attorney whose identity is known to the grand jury who practices in the County of Essex.

2. From in or about 1989 through in or about 1995, in the District of New Jersey and elsewhere, the defendant

JOSEPH P. GALLUZZI

knowingly and willfully devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, namely a scheme to defraud Essex County, the Township of Irvington, and First Fidelity of money and property and to deprive the citizens of Essex County and the Township of Irvington and First Fidelity of the right of honest services,

which scheme and artifice to defraud affected a financial institution and is in substance set forth below.

3. The object of this scheme and artifice to defraud was to obtain money and other things of value for the benefit of defendant JOSEPH P. GALLUZZI and others without the public's knowledge.

4. It was part of the scheme and artifice to defraud that from about 1989 and continuing through about 1993, defendant JOSEPH P. GALLUZZI caused a First Fidelity vice president to agree to pay kickbacks to defendant in connection with and as a reward for defendant's efforts in his official capacity in directing Essex County and Irvington municipal bond underwriting business to First Fidelity.

5. It was a further part of the scheme and artifice to defraud that defendant JOSEPH P. GALLUZZI and the First Fidelity vice president agreed to a formula for the kickback amounts, relating to the value of the bond offerings.

6. It was a further part of the scheme and artifice to defraud that in about 1989 defendant JOSEPH P. GALLUZZI recommended the Essex County \$104 million refunding bond issue even though the First Fidelity vice president advised him it lacked financial merit.

7. It was a further part of the scheme and artifice to defraud that to disguise the kickbacks, defendant JOSEPH P. GALLUZZI prepared invoices on his firm letterhead falsely representing that he had performed bond-related work for First

Fidelity, Pacific Matrix, AIG, the CCMUA, and Ferraioli, when in fact he had not.

8. It was a further part of the scheme and artifice to defraud that between about 1989 and about 1993, defendant JOSEPH P. GALLUZZI obtained from the First Fidelity vice president approximately \$140,000 in kickbacks through the submission of the above described phony invoices.

9. It was a further part of the scheme and artifice to defraud that in or about June 1989, defendant JOSEPH P. GALLUZZI directed the First Fidelity vice president to make a \$25,000 payment to Essex County Attorney No. 1, purportedly for services Essex County Attorney No. 1 performed on a 1989 bond issue despite the fact that this attorney performed no meaningful services on the bond issue.

10. It was a further part of the scheme and artifice to defraud that defendant JOSEPH P. GALLUZZI concealed the scheme by, among other things:

(a) making false statements to the Essex County Board of Chosen Freeholders about his relationship with First Fidelity Bank.

(b) sending securities-related documents to Essex County Attorney No. 1 to make it appear that said attorney had performed meaningful services on the bond issue for which he was paid, when in fact he had not.

(c) attempting to influence the First Fidelity vice president to give false information to and withhold true information from law enforcement officers.

11. On or about the dates set forth below in the District of New Jersey and elsewhere, the defendant

JOSEPH P. GALLUZZI

for the purpose of executing this scheme and artifice to defraud did cause to be sent by U.S. mail or transmitted by means of wire, writings, signals and sounds in interstate commerce as follows:

<u>Count</u>	<u>Approximate Date</u>	<u>Subject Matter</u>	<u>Transmitted</u>
1	1/89	Galluzzi invoice for \$6,710 re: Kearny MUA	Mail
2	1/89	Galluzzi invoice for \$6,195 re: Randolph MUA	Mail
3	2/90	Galluzzi letter confirming verification	Mail
4	2/90	Galluzzi invoice for \$11,000 to Ferraioli	Mail
5	3/90	Galluzzi invoice for \$4,000 re: West New York MUA	Mail
6	5/90	Galluzzi invoice for \$23,685 re: Camden County MUA	Mail
7	8/90	Pacific Matrix check for \$8,425.50 to Galluzzi	Mail

<u>Count</u>	<u>Approximate Date</u>	<u>Subject Matter</u>	<u>Transmitted</u>
8	10/90	Pacific Matrix check for \$11,166.66 to Galluzzi	Mail
9	2/91	Galluzzi invoice for \$40,000 to AIG	Wire
10	10/91	Pacific Matrix employee check for \$6,000 to Galluzzi	Mail
11	8/92	Pacific Matrix check for \$25,000 to Galluzzi	Mail

In violation of Title 18, United States Code, Sections
1341, 1343, 1346 and 2.

COUNTS 12-15

Scheme and Artifice to Defraud

1. Paragraph 1 of Count 1 is hereby realleged and incorporated herein.

2. From in or about 1985 through in or about 1987, in the District of New Jersey and elsewhere, the defendant

JOSEPH P. GALLUZZI

knowingly and willfully devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, namely a scheme to defraud Essex County and First Fidelity of money and property which scheme and artifice to defraud affected a financial institution and is in substance set forth below.

3. The object of this scheme and artifice to defraud was to obtain money and other things of value for the benefit of defendant JOSEPH P. GALLUZZI and others without the public's knowledge.

4. It was part of the scheme and artifice to defraud that in or about 1987 defendant JOSEPH P. GALLUZZI caused a First Fidelity vice president to agree to pay kickbacks to defendant in connection with and as a reward for defendant's efforts in his official capacity in directing Essex County municipal bond underwriting business to First Fidelity.

5. It was a further part of the scheme and artifice to defraud that defendant JOSEPH P. GALLUZZI and the First Fidelity

vice president agreed to a formula for the kickback amounts, relating to the value of the bond offerings.

6. It was a further part of the scheme and artifice to defraud that to disguise the kickbacks, defendant JOSEPH P. GALLUZZI prepared invoices on his firm letterhead falsely representing that he had performed bond-related work for First Fidelity, when in fact he had not.

7. It was a further part of the scheme and artifice to defraud that in about 1987 defendant JOSEPH P. GALLUZZI obtained from the First Fidelity vice president approximately \$30,000 in kickbacks through the submission of the above described phony invoices.

8. On or about the dates set forth below in the District of New Jersey and elsewhere, the defendant

JOSEPH P. GALLUZZI

for the purpose of executing this scheme and artifice to defraud did cause to be sent by U.S. mail as follows:

<u>Count</u>	<u>Approximate Date</u>	<u>Subject Matter</u>
12	3/87	Galluzzi invoice for \$10,000 re: Atlantic County
13	4/87	Galluzzi invoice for \$8,719 re: Gloucester County
14	8/87	Galluzzi invoice for \$7,500 re: Lower Township

<u>Count</u>	<u>Approximate Date</u>	<u>Subject Matter</u>
15	8/87	Galluzzi invoice for \$5,112.50 re: Wanaque

In violation of Title 18, United States Code, Sections
1341 and 2.

COUNT 16

Scheme and Artifice to Defraud

1. Paragraph 1 of Count 1 is hereby realleged and incorporated herein.

2. Essex County Attorney No. 2 was an attorney whose identity is known to the grand jury who practices in the County of Essex.

3. From in or about January 1990 through in or about 1995, in the District of New Jersey, and elsewhere, the defendant

JOSEPH P. GALLUZZI

knowingly and willfully devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, namely, a scheme to defraud Essex County and A.G.

Edwards and to deprive the citizens of Essex County and A.G. Edwards of defendant JOSEPH P. GALLUZZI's honest services, which scheme and artifice is in substance set forth below.

4. The object of this scheme and artifice to defraud was to obtain money and other things of value for the benefit of defendant JOSEPH P. GALLUZZI and others without the public's knowledge.

5. It was a part of the scheme and artifice to defraud that beginning in about January 1990 and continuing through about 1993, defendant JOSEPH P. GALLUZZI caused an A.G. Edwards Vice President to agree to pay kickbacks to defendant in connection with and as a reward for defendant's efforts in his official

capacity to direct Essex County municipal bond underwriting business to A.G. Edwards.

6. It was a further part of the scheme and artifice to defraud that in or about January 1991 defendant JOSEPH P. GALLUZZI and the A.G. Edwards Vice President prepared a contract for defendant JOSEPH P. GALLUZZI to become a consultant to A.G. Edwards, purportedly to assist A.G. Edwards in finding new bond business. The contract provided for payment to defendant JOSEPH P. GALLUZZI of a \$2,000 per month retainer plus 10% of A.G. Edwards's net management fees on bond deals defendant brought to A.G. Edwards.

7. It was a further part of the scheme and artifice to defraud that to disguise the kickbacks, defendant JOSEPH P. GALLUZZI and the A.G. Edwards Vice President caused to be prepared phony invoices on JOSEPH P. GALLUZZI letterhead representing that he had performed the contractual finder services for A.G. Edwards when in fact he had not.

8. It was a further part of the scheme and artifice to defraud that between about 1990 and about 1993, defendant JOSEPH P. GALLUZZI obtained approximately \$67,000 in retainer payments plus approximately \$15,000 in payments through the submission of the above described phony invoices.

9. It was a further part of the scheme and artifice to defraud that defendant JOSEPH P. GALLUZZI caused and attempted to cause Essex County, A.G. Edwards, and municipal bond counsel to pay bond issue-related fees to certain attorneys despite the fact

that these attorneys performed no meaningful services on the municipal bond issues:

(a) in or about February 1990, defendant JOSEPH P. GALLUZZI without authority or justification caused a \$40,000 fee for an unspecified underwriter's counsel to be inserted into an official schedule of bond related fees;

(b) in or about August 1990, defendant JOSEPH P. GALLUZZI attempted to cause bond counsel to make two \$5,000 - 10,000 payments to Essex County Attorney No. 2 and an unidentified attorney; and

(c) in or about November 1990, defendant JOSEPH P. GALLUZZI caused A.G. Edwards to make a \$20,000 payment to Essex County Attorney No. 2.

10. In or about June 1992, in the District of New Jersey, and elsewhere, the defendant

JOSEPH P. GALLUZZI

for the purpose of executing this scheme and artifice to defraud did cause to be transmitted by means of wire, writings, signals and sounds in interstate commerce, a consulting contract and invoices.

In violation of Title 18, United States Code, Section 1343, 1346 and 2.

COUNTS 17-21

Acceptance of Corrupt Payments

1. Paragraphs 1 and 4 through 10 of Count 1 and paragraphs 2 and 5 through 9 of Count 16 are hereby realleged and incorporated herein.

2. From in or about 1985 through in or about 1993, in Essex County, in the District of New Jersey, and elsewhere, defendant

JOSEPH P. GALLUZZI

did knowingly and willfully and corruptly solicit and demand for his own benefit, and accept and agree to accept money intending to be influenced and rewarded in connection with a business, transaction and series of transactions of a local government and a local government agency involving anything of value of \$5,000 or more.

<u>Count</u>	<u>Approximate Date</u>	<u>Approximate Amount of Kickback</u>	<u>Matter Government/ Entity</u>
17	10/21/91	\$6,000.00	1989 Essex County/ Irvington Bond Deals
18	1/30/92	\$4,737.25	1990 Essex County Bond Deal
19	4/15/92	\$ 945.82	1990 Essex County Bond Deal
20	7/30/92	\$3,067.75	1990 Essex County Bond Deal
21	8/4/92	\$25,000.00	1992 Irvington Bond Deal

In violation of Title 18, United States Code, Section 666 and 2.

COUNTS 22-26

Use of Facility in Interstate
Commerce -- Illegal Benefit
to a Public Servant

1. Paragraphs 1 and 4 through 10 of Count 1 and paragraphs 2 and 5 through 9 of Count 16 are realleged and incorporated herein.

2. From in or about 1985 until at least 1993, in the District of New Jersey, and elsewhere, the defendant

JOSEPH P. GALLUZZI

knowingly and willfully did use and cause to be used the U.S. Mail and facilities in interstate commerce with the intent to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of an unlawful activity -- namely soliciting, accepting and agreeing to accept benefits as compensation for having, as a public servant given a decision, opinion and recommendation favorable to another and for having otherwise exercised a discretion in favor of another contrary to N.J. Stat. Ann. § 2C:27-4 -- and thereafter performed and attempted to perform an act to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of the unlawful activity, as

follows:

<u>Count</u>	<u>Interstate Facility</u>	<u>Subsequent Acts</u>
22	Use of the U.S. Mails and facilities in interstate commerce to send a JOSEPH P. GALLUZZI invoice to Pacific Matrix on or about September 19, 1991 and to send a check from Pacific Matrix to defendant JOSEPH P. GALLUZZI on or about October 21, 1991	(a) defendant JOSEPH P. GALLUZZI accepting a check for \$6,000 on or about October 23, 1991 (b) defendant JOSEPH P. GALLUZZI depositing that check into his bank account on or about October 23, 1991
23	Use of facilities in interstate commerce to send a JOSEPH P. GALLUZZI invoice to A.G. Edwards on or about January 30, 1992 and to send a check from A.G. Edwards to JOSEPH P. GALLUZZI on or about January 30, 1992	(a) defendant JOSEPH P. GALLUZZI accepting a check for \$4,737.25 on or about January 30, 1992 (b) defendant JOSEPH P. GALLUZZI depositing that check into his business account on or about January 30, 1992 (c) defendant JOSEPH P. GALLUZZI faxing to A.G. Edwards, on or about February 24, 1992, a balance sheet showing the remaining balance on the \$60,000 kickback he was owed

CountInterstate FacilitySubsequent Acts

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|----|---|---|
| 24 | Use of facilities in interstate commerce to send a JOSEPH P. GALLUZZI invoice to A.G. Edwards on or about April 15, 1992 and to send a check from A.G. Edwards to JOSEPH P. GALLUZZI on or about April 15, 1992 | (a) defendant JOSEPH P. GALLUZZI accepting a check for \$945.82 on or about April 15, 1992

(b) defendant JOSEPH P. GALLUZZI depositing a check for \$945.82 into his business account on or about April 15, 1992 |
| 25 | Use of facilities in interstate commerce to transmit a contract and invoices to A.G. Edwards in or about June 1992. | (a) defendant JOSEPH P. GALLUZZI accepting a check for \$3,067.75 on or about July 30, 1992

(b) defendant JOSEPH P. GALLUZZI depositing a check for \$3,067.75 on or about July 30, 1992 |

<u>Count</u>	<u>Interstate Facility</u>	<u>Subsequent Acts</u>
26	Use of the U.S. Mails and facilities in interstate commerce to send a JOSEPH P. GALLUZZI invoice to Pacific Matrix on or about August 4, 1992 and to send a check from Pacific Matrix to JOSEPH P. GALLUZZI on or about August 18, 1992	<p>(a) defendant JOSEPH P. GALLUZZI accepting a check for \$25,000</p> <p>(b) defendant JOSEPH P. GALLUZZI depositing a check for \$25,000 into his bank account in or about August 1992</p>

In violation of Title 18, United States Code, Sections 1952 and 2.

A TRUE BILL


 FAITH S. HOCHBERG
 UNITED STATES ATTORNEY

 FOREPERSON